

Allegheny Forest Alliance Board Meeting:

November 14, 2006

Regarding Federal Forest Service payments to the Warren County School District in lieu of taxes, there are a couple issues to consider. First will be whether a continuing resolution is fashioned in Congress to extend PL 106-393 for 2007 and whether the resolution will allow for an opt-out provision (meaning counties can opt-out of the safety-net payment and take the 25% payment instead). As the law that sunset in Sept. held, once a county opted in, you were bound to the safety-net until the law no longer prevails.

If the law is continued for one more year as currently structured (still unknown), it is entirely possible school districts and townships would have to accept safety-net payments, and would not have the option to choose the 25% payment. However, if the continuing resolution is passed and does include opt-out language (that some indicate is included in the provision), counties would have until the end of the third quarter (end of June) to decide. Some time early in that quarter, the Forest Service would have to provide some indication regarding projected timber receipts so the counties could make an informed decision before the end of June.

This will not do much to assist school districts in planning their budgets, particularly in the commonwealth of Pennsylvania where the state is requiring them to have a handle on their budget by January.

Therefore, in final analysis, there is a considerable amount still up in the air. If no continuing resolution can be forged in the lame duck session or early next year, there will be no safety-net for 2007-2008 and we will revert entirely to the traditional 25% payment structure. With the change of control in Congress, which may now more strongly support environmental issues, timber sales may decline or the process may be tied up in litigation. This could have a negative impact on the school districts revenues.

Respectfully Submitted:
J Petter Turnquist, Business Administrator